C5800-27-4

McGraw-Hill Economics

1221 Avenue of the Americas, 37th Floor
New York, New York 10020

March, 1986

CAPITAL SPENDING CHECKUP SURVEY

With the economy appearing to gain strength in recent months, U.S. businesses have raised their capital spending plans for 1986. But according to McGraw-Hill's latest survey, investment in new plant and equipment will hardly be an engine of growth for the economy this year.

The Capital Spending Checkup Survey, conducted in January and February, found that capital investment in the U.S. this year will rise 3.4% to $398.5 billion (Table I*). In contrast, respondents to a McGraw-Hill survey taken last fall said they intended to cut 1986 capital outlays by 1%.

While raising spending plans between the fall and winter, companies at the same time pared their expectations of 1986 capital goods inflation from 4.7% to 4.3%. As a result, "real" spending plans now are stronger than they were a few months ago; but the survey still points to a decline of 0.8% (Table II). In recent years, however, survey respondents' inflation expectations have been considerably higher than actual inflation.

The survey found similar slow-growth projections for the three major business sectors--durables manufacturing, nondurables manufacturing, and nonmanufacturing. But among individual industries, there were wide variations in investment projections. The most robust 1986 plans, by far, are those of aerospace companies--up more than 30%. Spending cuts, on the other hand, are

---

*Tables numbered with Roman numerals appear at the back of this report.

planned by the iron and steel, electrical machinery, other durables, food and beverage, mining, railroad, other transportation (primarily trucking), and electric utility industries.

In addition to asking for total capital spending plans, this survey also asked companies how they were going to allocate funds among broad categories of plant and equipment. The categories are: computers and other office equipment (Table III), manufacturing or other machinery (Table IV), autos and trucks (Table V), factory or other facilities (Table VI), and office buildings (Table VII). (Spending not included in any of these categories was listed as "other" and is not reported separately. A full set of questionnaires appears at the end of this report.)

The survey found that the slowdown in business computer purchases will persist at least for another year. Respondents said that on average they would lift capital expenditures for computers only a little more than 3% to about $46 billion. With prices falling rapidly, however, this small increase in nominal outlays could translate into a significant rise in unit purchases.

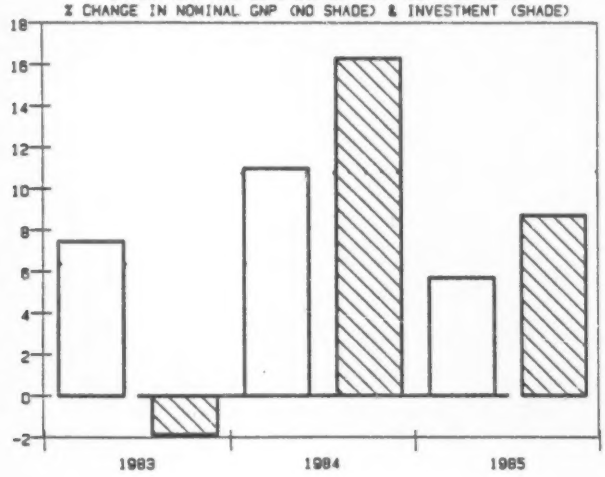
Interestingly, while manufacturers said they would raise computer outlays less than 4% this year, they projected an 11% boost in purchases of manufacturing equipment. In contrast, manufacturers plan to cut outlays for factory construction this year. All of business intends to reduce expenditures slightly on autos and trucks, while outlays for office buildings are projected to rise nearly 5%.

These are the major findings of McGraw-Hill's Capital Spending Checkup Survey. The survey is based on responses from five hundred companies that account for a quarter of all capital spending in the U.S. (Table IX). Responses from these firms are "blown up" to represent expenditures by all firms in the U.S. While the respondents include companies of all sizes, the survey results primarily reflect the plans of large companies.

Improving, but Not Yet Good

The good news from the latest McGraw-Hill survey is that capital spending plans are getting a boost. The bad news is that plans are still on the sluggish side, which means that investment will probably do little if anything to shore up economic growth this year. In contrast, in the past two years business investment played an important role in keeping the economy rolling (Chart 1).

CHART 1
INVESTMENT HAS LEAD ECONOMY IN PAST TWO YEARS
% CHANGE IN NOMINAL GNP (NO SHADE) & INVESTMENT (SHADE)



There is also some other bad news: The Capital Spending Checkup has a history of being slightly too bullish on capital spending, as shown in Table 1. Last year, for example, the survey projected 10.9% growth in plant and equipment spending in 1985; the government now estimates that growth last year was less than 9%.* If the current survey is off by a percentage point or

*There is a good chance, however, that the government's figures will be revised upward. The historical plant and equipment figures have often been revised up in the past to agree more closely with another government capital spending series--nonresidential fixed investment, which includes expenditures on types of equipment and structures but does not include data on how much specific industries are spending. The nonresidential fixed investment series, unadjusted for inflation, grew about 11% in 1985, at almost exactly the rate predicted by last year's Checkup Survey.

Table 1. Checkup Survey Track Record

	% Change in Plant & Equipment Spending		Percentage Point Difference
	Survey Projection	Actual	Survey Minus Actual
1981	12.3	11.5	0.8
1982	6.9	-1.5	8.4
1983	-2.9	-1.9	-1.0
1984	16.9	16.3	0.6
1985	10.9	8.7 (e)	2.2

* The Checkup began as a regularly scheduled survey in 1981. Prior to 1981 it was conducted when changing economic conditions seemed to warrant a checkup on earlier spending plans.

e-Estimate

so on the high side, as was typical in the past, then nominal plant and equipment purchases would rise only some 2.5% this year. However, because an upward revision in the government's 1985 plant and equipment number is possible (see footnote on previous page), the Checkup's historical track record could look better, suggesting that actual spending may grow at least 3% this year.

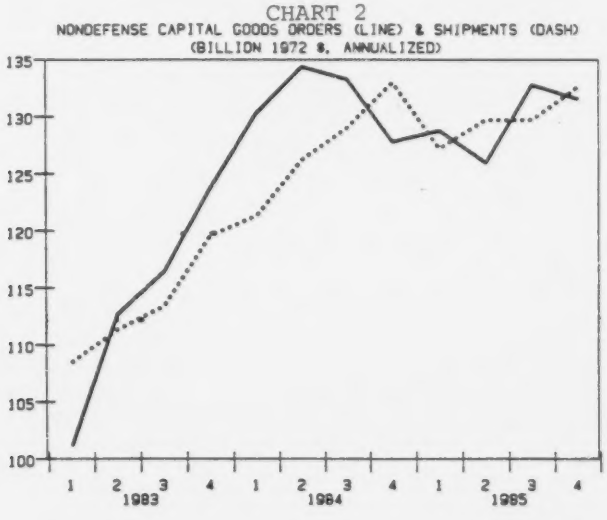
At the same time, respondents' inflationary expectations remain stubbornly high even after several years of very low price increases for capital goods. Last year's Checkup projected inflation at close to 5% for 1985; the actual figure came in under 2%. A similar performance will likely result this year. A reasonable forecast based on the survey's history, then, is that nominal plant and equipment outlays will grow about 3% or a little more and that

capital goods inflation will be about 1.5%, resulting in real investment growth in 1986 of about 1.5%-2%.

What does evidence outside the survey say about capital spending in 1986?

Data relevant to equipment investment is contained in Table 2; construction data are in Table 3. The key leading indicator for equipment is new orders for nondefense capital goods. In constant-dollar terms, new orders fell in 1985; yet on a quarter-to-quarter basis orders have trended up slightly in the past year, as shown in Chart 2 along with capital goods shipments. But the trend has recently been distorted by huge orders for new aircraft, which will not be delivered for a couple of years and which could include large foreign orders. (Investment measured in this survey is domestic investment only.) The conclusion from the orders data, therefore, is that investment is muddling along at best.

CHART 2



On the construction side of capital spending, F.W. Dodge's measure of construction contract value rose 6% last year and jumped significantly in the second half of the year, suggesting that the construction boom is not over yet. But a key part of construction excluded from the Dodge numbers is oil

Table 2. Short-Term Equipment Capital Spending Indicators
(Billions of dollars, annual rate, SA)

	Quarters					Months			Years	
	84:IV	85:I	85:II	85:III	85:IV	Oct 85	Nov 85	Dec 85	1984	1985
New Orders--Nondefense Capital Goods	316.0	321.3	316.2	333.9	333.9	325.1	309.5	367.0	323.4	326.3
In 1972$	127.8	128.7	125.9	132.8	131.5	128.3	121.9	144.5	131.4	129.7
Shipments--Nondefense Capital Goods	328.8	317.4	325.6	326.2	337.7	332.7	333.3	347.1	313.5	326.7
In 1972$	133.0	127.2	129.7	129.7	133.0	131.2	131.3	136.6	127.4	129.9
Equipment Production Index, 1977=100	139.1	140.2	141.5	142.2	141.4	140.2	141.9	142.1	134.9	141.3
New Orders--Construction Machinery*	32.0	32.6	34.0	34.5	34.9	33.8	36.1	34.7	32.8	34.0
New Orders--Metalworking Mach.	11.4	11.6	11.2	11.0	9.7	10.8	8.8	9.5	11.2	10.9
New Orders--General Industrial Mach.	16.6	16.2	17.0	16.6	15.6	15.2	17.6	14.2	16.8	16.4
New Orders--Computers & Office Eq.	51.6	64.8	51.6	54.4	44.9	51.5	49.1	34.2	55.2	53.9

SA-Seasonally adjusted
* Includes materials handling and mining equipment

Table 3. Short-Term Construction Capital Spending Indicators
(Billions of dollars, annual rate, SA)

	Quarters					Months			Years	
	84:IV	85:I	85:II	85:III	85:IV	Oct 85	Nov 85	Dec 85	1984	1985
Industrial Construction	14.5	15.2	16.3	15.4	16.5	15.7	16.3	17.5	13.7	15.8
In 1972 $	6.0	6.2	6.5	6.1	6.5	6.2	6.5	6.9	5.7	6.3
Manufacturing Operating Rate (%)	79.6	78.9	78.5	78.7	78.2	77.9	78.2	78.6	80.1	78.6
Office Construction	28.6	31.3	31.9	31.3	32.0	31.0	30.8	34.1	25.8	31.6
In 1972 $	11.8	12.8	12.7	12.4	12.6	12.3	12.2	13.5	10.8	12.6
Office Vacancy Rate	14.7	15.3	16.1	16.5	16.5	NA	NA	NA	13.9	16.1
Private Building Construction	79.5	85.9	88.9	87.8	91.3	88.7	89.8	95.3	73.8	88.5
In 1972 $	32.9	35.1	35.6	34.7	36.0	35.0	35.5	37.7	30.8	35.4
Nonresidential Construction Contracts**	78.8	71.9	76.7	83.9	80.0	87.5	78.7	73.9	73.5	78.1

SA-Seasonally adjusted
*Coldwell Banker
**Dodge Construction Potentials
NA--Not available

and gas well drilling, which could plunge this year in the wake of the crude price plummet. (Independent oil and gas well drillers responding to the survey plan to slash capital budgets this year a stupendous 48%. See Table VIII.) The contract series in Table 3 also excludes electric utility plant construction; and as shown in Table VI at the back of this report, electric utilities plan to cut plant outlays sharply.

A particularly ominous number in Table 3 is the Coldwell Banker office vacancy rate, now at a record high of 16.5% in downtown areas and topping 20% in suburban areas (not shown). And while the Checkup Survey shows a small increase in outlays for offices in 1986, the survey does not capture plans of real estate developers and tax shelter promoters who could be hunkering down this year in the face of possible tax reform and a definite glut of space. Another problem number in Table 3 is the manufacturing operating rate, down below 80%, an extraordinarily low level considering that the economy has been expanding for three years now. This depressed operating rate does not bode well for factory construction.

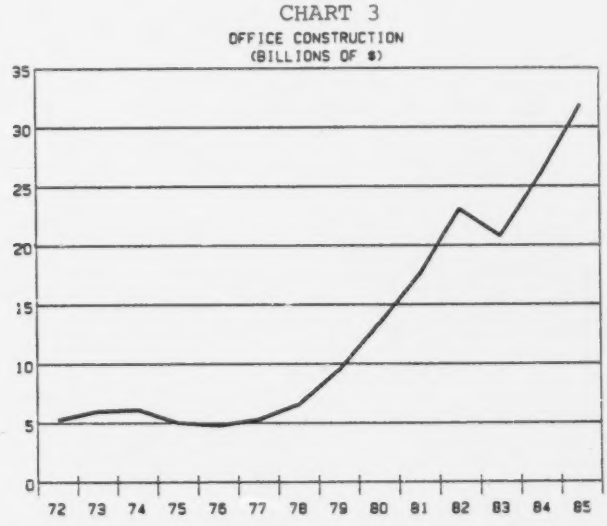
In short, with two large pieces of construction--drilling and electric utilities--headed down this year, and with offices and factories iffy, construction in 1986 will not likely grow nearly as much as in the past couple of years.

What could push 1986 capital spending well beyond the survey's rather sluggish projection is strong economic growth. And noting recent strong gains in employment and housing as well as declines in interest rates, many analysts do in fact foresee a strong year. Except for 1982, however, when the economy slumped sharply, the Checkup Survey has been quite accurate, which suggests that rapid growth in 1986 capital investment is unlikely.

A Basic Commitment to Basic Industry

The survey confirms that office and factory construction this year will be far from robust. Outlays on offices are projected to rise 4.7% (Table VII), not bad given that offices have been booming for years now, as shown in Chart 3, which plots a government time series on office construction. As suggested above, however, office construction this year could crumble if speculative office developers, not captured by the survey, cut back.

CHART 3



Factory construction, meanwhile, is projected to decline; but the weakness of factory construction shown in Table VI is probably overstated due to a definitional problem. Namely, in some industries, such as petroleum, it may be difficult to clearly distinguish between plant on the one hand and equipment on the other. Hence some companies place spending in one category and some companies put similar types of expenditures in another. Nevertheless, even in the durable goods sector where the distinction between plant and equipment is more clear-cut, factory construction outlays are projected to tumble a whopping 16.5%. In nondurables, excluding petroleum, the projection is for an 8% increase; including petroleum changes the number to a 20% decline.

Yet while the low operating rate of the nation's manufacturing plants point to cutbacks in factory construction, the cutbacks indicated in the survey seem much too severe. (Chart 4 plots the historical relationship between manufacturing's operating rate and a government series on industrial construction.) The main reason is that companies have been automating plants in order to increase their competitiveness against foreign firms. And even though falling rapidly against major currencies during the past year, the dollar remains very strong compared to earlier years (Chart 5).

CHART 4

FACTORY CONSTRUCTION (LINE, LEFT SCALE) & OPERATING RATE (DASH, RIGHT SCALE)

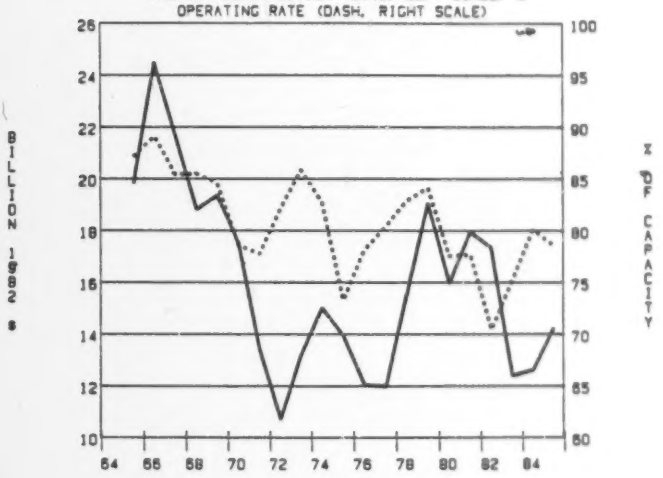


CHART 5

TRADE-WEIGHTED INDEX OF THE DOLLAR (1980-82 = 100)

What's more, the dollar's fall has not yet benefited U.S. manufacturers very much. In fact, the merchandise trade deficit in December was a record. And with so many imports now coming from East Asian nations, whose currencies are pegged to the dollar, and from countries whose currencies are far weaker than the dollar (Canada, Latin American countries), the trade balance may not turn around as rapidly as a glance at the yen-dollar and mark-dollar relationships would suggest. Hence it is hardly time for U.S. manufacturers to abandon their capital investment commitment to automation.

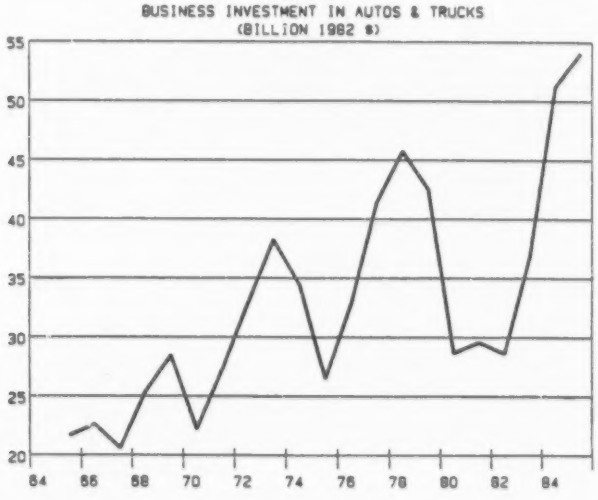
What the weak factory spending data probably indicate, therefore, is that

manufacturers foresee no need to expand capacity in 1986, which indeed is the message of the low operating rate.

A better fix on capital spending geared to industrial production can be gained by adding the factory expenditure numbers to those for manufacturing machinery. The combination shows that in 1986 manufacturers plan to raise investment in production facilities nearly 6%, which compares to almost a 4% cut in all other capital outlays by manufacturers.

All of business this year projects a small cut in purchases of autos and trucks (Table V), one of the fastest-growing sectors of capital spending in recent years, as shown in Chart 6. The pattern of spending in Chart 6 also

CHART 6

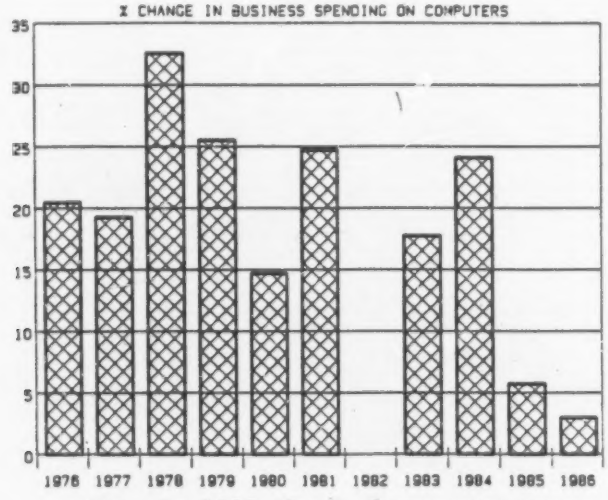


suggests that the cycle for motor vehicle purchases should be turning to the downside. In fact, the downturn was expected in 1985, but business expenditures for cars and trucks instead rose 9%, presumably given a lift by auto company rebate programs.

Besides motor vehicles, the equipment firing the capital spending surge since the recession ended in 1982 has been computers. But in 1985, some of the sizzle went out--capital expenditures for computers and other office

equipment rose only 6%., following leaps of 24% and 18% in 1984 and 1983, respectively (Chart 7). The survey says that 1986 will be similar to 1985, with expenditure growth projected at about 3%.

CHART 7



Note: In 1982 the % change was zero.

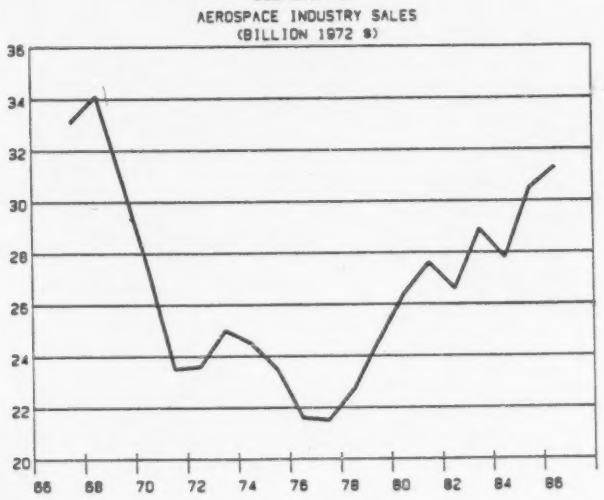
Aerospace Takes Off; Energy Fizzles

In a year that will likely be marked by real capital spending cuts in many industries and little growth in others, the investment plans of the aerospace industry stand out in bold relief. Aerospace participants in the survey said they would boost 1986 capital spending by 30%--up more than 25% after adjusting for inflation. And with two-thirds of the industry's spending accounted for by survey respondents, this finding seems robust.

While the absolute size of the projected increase seems unusually large, the fact that aerospace companies' investment will zoom compared with other industries in not surprising. According to the Aerospace Industries Association (AIA), total aerospace sales rose 15% last year, boosted by both military and civilian demand. In real terms, sales jumped 10% to the highest level since the Vietnam War. And in 1986, the AIA predicts that sales will

grow another 7%, or 2.4% after inflation. Chart 8 shows the AIA's constant-dollar sales, including the association's 1986 prediction.

CHART 8



Domestic airlines also project a healthy increase in capital spending this year of 17%, although respondents said the increase will go to computers and other equipment rather than new aircraft. AIA figures support this finding, showing that 1985's increase in airliner orders came primarily from abroad. The backlog of orders for U.S. airlines declined by five planes between the end of 1984 and September 30, 1985. Strong airline spending growth this year may reflect availability of funds that were not spent last year when McGraw-Hill surveys vere projecting greater spending than actually occurred.

Elsewhere in transportation services, the capital spending story is much different: Both railroads and "other" transportation (trucking) project capital cutbacks this year. The trucking result is consistent with past survey results, although more severe. The probable explanation for the reduction in spending is that trucking firms facing severe competition are trying to conserve cash; at the same time, they have less need for new trucks, having stocked up at a rapid rate in 1984. Railroads, which projected a small

spending increase in McGraw-Hill's fall survey, may have become more pessimistic about farm commodity shipments as U.S. agricultural exports plunged last year.

As in all recent McGraw-Hill surveys, companies that work in the oil patch--excluding the large integrated petroleum companies--project declines in capital outlays. The difference this time, however, is by an order of magnitude. Oil drillers and service firms say they will slash budgets nearly in half this year from last year's level. The obvious reason, of course, is the tremendous slide in crude oil prices since November. For drillers, lower crude prices mean fewer profitable sites to develop and more producing wells that become unprofitable; for oil service companies, it means less business, forcing price cuts. In fact, since peaking in 1982, the cost of developing oil and gas wells has tumbled some 25%.

(Non-integrated oil companies are included in the mining category in Table I, and account for the mining industry's projected decline in investment this year. Integrated companies and refiners are included in the petroleum category under nondurable manufacturing.)

The large, integrated oil companies do not suffer as much as the independents from a crude price decline--for they not only produce and sell crude, they also buy it, refine it, and market its products. Nonetheless, a large part of these companies' capital budgets goes to exploration and production of oil and gas. Hence their spending plans in 1986 are greatly restrained, showing only a 1% nominal increase.

Elsewhere in energy, electric utilities continue to project declines in capital spending, while gas utilities intend to spend 11% more in 1986. Both industries plan to spend more on computers and on generation, transmission and distribution equipment while cutting back on power plant construction. The electric utilities, in particular, plan drastic cuts in construction.

Some Turnarounds in Plans

Other highlights of the survey include U-turns in investment plans by several industries. Last fall, the auto, trucks, and parts, nonferrous metals, and textile industries all projected capital spending declines in 1986; they now foresee raising investment this year. The auto result appears solid, given that survey respondents account for nearly 90% of spending in the industry. Continued consumer willingness to buy autos, provided there are interest rate incentives, may have played a role in the increased plans; anticipation of a stronger competitive position and increased cash flow thanks to the dollar's decline may have also helped.

Of the three industries mentioned above, the survey projection for textiles is most suspect. The industry faces too many problems to sustain much of a gain in capital spending this year. While making profits, income was down sharply in 1985 (Table 4); shipments of domestic companies were also down, while imported textiles flooded the market. And the dollar decline will not much improve domestic companies' competitive position either, since the big exporting states such as Korea, Taiwan, and Hong Kong tie their currencies to the dollar. At the same time, the textile industry has been a leader in modernizing its capital stock while closing outmoded facilities; and in 1986 the industry will presumably continue the theme of automate or die.

For nonferrous metals, the survey result will probably turn out to be too high since the industry in 1985 suffered another year of losses (Table 5) and dwindling markets. At the same time, industry leaders have announced plans to diversify operations into specialty fields such as ceramics, and these new ventures could be buoying capital budgets.

The health of all industries in the survey is summarized by the indicators in Tables 4, 5, and 6. The charts below summarize recent capital spending trends for durable and nondurable manufacturers, and for nonmanufacturers.

Table 4. Nondurables Indicators
(Billions of dollars*)

	1985				Years		
	I	II	III	IV	82	83	84
Chemicals							
Operating Rate...	78.5	78.3	78.7	78.7	68.8	74.7	78.0
Shipments.....	212.856	213.572	216.460	213.940	172.591	190.727	211.804
After-Tax Profits	12.716	13.916	9.400	NA	10.324	11.644	13.883
Paper							
Operating Rate...	90.2	88.5	90.4	89.9	86.3	90.9	93.8
Shipments.....	97.024	97.400	97.344	99.356	78.960	85.181	95.910
After-Tax Profits	2.872	3.496	2.404	NA	1.460	2.327	3.015
Rubber & Plastics							
Operating Rate...	93.2	92.6	94.1	95.5	79.5	88.3	96.1
Shipments.....	50.056	48.220	46.536	48.496	50.097	50.350	52.151
After-Tax Profits	2.228	1.104	2.104	NA	1.170	1.891	2.333
Petroleum							
Operating Rate...	75.9	78.6	79.2	78.9	72.9	72.9	77.4
Shipments.....	187.772	198.168	191.680	197.032	206.241	191.408	200.667
After-Tax Profits	16.780	7.780	14.220	NA	19.666	19.297	17.154
Food & Beverage							
Operating Rate...	72.6	72.9	72.4	70.7	75.8	75.0	74.1
Shipments.....	299.052	295.372	293.908	296.976	277.265	286.541	295.091
After-Tax Profits	7.768	9.464	10.632	NA	8.383	9.436	9.760
Textiles							
Operating Rate...	81.9	84.4	87.5	87.1	77.4	87.7	85.0
Shipments.....	51.164	51.336	52.784	55.184	47.159	52.203	55.054
After-Tax Profits	0.764	1.016	1.068	NA	0.851	1.599	1.635

*Shipments are at seasonally adjusted annual rate. Profits are notseasonally adjusted.

Table 5. Durables Indicators
(Billions of dollars*)

	1985				Years		
	I	II	III	IV	82	83	84
Iron & Steel							
Operating Rate (%).	68.1	65.9	68.1	72.2	51.7	59.9	69.9
Shipments.....	51.360	53.072	53.732	52.140	47.105	48.389	53.799
New Orders.....	52.600	53.172	54.056	52.688	43.230	51.578	52.490
After-Tax Profits..	-1.108	-1.580	-1.020	NA	-3.705	-3.746	-0.379
Nonferrous Metals							
Operating Rate (%).	92.0	89.1	89.8	88.1	66.7	75.8	91.0
Shipments.....	57.964	59.112	59.344	58.992	49.446	57.820	62.268
New Orders.....	56.040	61.372	58.044	58.624	48.181	59.945	61.304
After-Tax Profits..	0.048	-0.872	-1.248	NA	-0.333	-0.288	-0.084
Electrical Machinery							
Operating Rate (%).	75.9	72.7	70.0	70.3	74.1	75.5	81.1
Shipments.....	182.184	180.236	184.608	198.212	141.057	155.898	182.342
New Orders.....	193.232	182.100	186.920	197.840	147.558	165.656	191.104
After-Tax Profits..	7.596	6.776	5.388	NA	6.449	6.367	8.616
Nonelectrical Machinery							
Operating Rates (%)	79.5	79.5	78.4	75.5	68.0	67.3	78.2
Shipments.....	208.816	216.652	209.376	213.796	180.181	178.303	209.559
New Orders.....	218.136	208.624	211.792	201.808	162.246	180.910	212.443
After-Tax Profits..	7.288	10.368	8.852	NA	8.038	7.680	11.963
Autos, Trucks & Parts							
Operating Rate (%).	87.8	85.9	88.5	87.0	59.1	73.0	85.4
Shipments.....	208.172	193.756	201.052	212.744	112.339	152.825	192.333
After-Tax Profits..	8.808	11.492	5.372	NA	0.734	7.168	10.575
Aerospace							
Shipments.....	85.084	85.472	91.700	98.000	63.522	70.770	76.750
New Orders.....	77.800	100.032	119.568	103.524	67.462	81.492	92.862
After-Tax Profits..	3.888	4.020	2.372	NA	2.193	2.829	3.639
Fabricated Metals							
Operating Rate (%).	77.7	76.8	74.8	73.9	65.0	68.3	76.7
Shipments.....	160.608	165.508	173.364	175.900	113.909	120.642	139.164
New Orders.....	159.256	161.904	172.488	177.428	106.611	119.539	140.280
After-Tax Profits..	3.596	4.084	3.420	NA	2.320	2.693	4.646
Instruments							
Operating Rate (%).	80.7	79.4	78.2	76.2	77.5	77.1	80.7
Shipments.....	56.072	57.368	56.564	57.312	46.834	47.892	53.482
New Orders.....	55.928	57.908	57.000	57.432	46.644	48.576	54.153
After-Tax Profits..	4.108	4.416	3.704	NA	3.859	3.672	4.208
Stone, Clay & Glass							
Operating Rate (%).	78.1	79.7	78.7	77.6	66.5	73.7	80.6
Shipments.....	56.520	58.032	57.284	57.368	44.019	49.010	54.981
New Orders.....	56.680	57.800	57.292	58.288	43.395	49.314	55.455
After-Tax Profits..	0.452	2.352	2.044	NA	0.408	1.002	1.870

*Shipments and new orders are at seasonally adjusted annual rate. Profits arenot seasonally adjusted.

Table 6. Nonmanufacturing Indicators

	1985				Years	
	I	II	III	IV	83	84
Mining						
Bituminous Coal Production --Thousand net tons	212,677	227,792	222,306	219,415	194,501	222,940
Oil & Gas Well Footage Drilled --Thousands of feet	80,055	69,148	64,706	29,838	77,569	88,821
Refiners' Acquisition Price of Oil--Dollars	26.63	26.73	26.50	26.63	28.87	28.53
Railroads						
Revenue Freight Ton-Miles --Billions of miles	220.5	222.8	216.8	NA	826.1	921.8
New Freight Cars, Unfilled Orders --Thousands of cars	4.2	4.1	3.3	NA	3.9	6.0
Airlines						
Passenger-Miles Revenue--Billions	73.5	86.1	92.7	NA	69.3	74.6
Passenger Load Factor--%	59.7	66.4	62.9	NA	60.6	59.1
Electric Utilities						
Electricity Output --Millions of kw-hr	620,561	586,400	655,200	NA	577,571	603,912
Electric Utility Revenues --Millions of $	36,427	36,174	41,347	NA	32,489	35,530
Gas Utilities						
Natural Gas Sales--Trillion btu	4,929	2,535	2,078	3,255	3,226	3,334
Gas Utility Revenues--Hillion $	24,914	11,854	9,486	NA	16,287	16,835
Communications						
Commercial Construction --Billions of 1972$, SAAR	53.62	54.02	53.68	55.57	34.64	44.33
Consumer Spending, Financial Serv. --Billions of 1972$, SAAR	96.00	96.40	97.01	97.61	90.72	93.31
Trade & Services						
Retail Sales--Millions of $, SA	1,339.7	1,375.9	1,403.7	1,393.4	1,171.4	1,293.9
Consumer Spending on Personal, Medical & Business Services --Billions of 1972$,SAAR	547.2	552.1	553.8	561.1	519.9	537.6

The last points plotted on the charts are the survey's projections for 1986 and 1987. But it should be noted that the 1987 estimates are very preliminary.

CHART 9

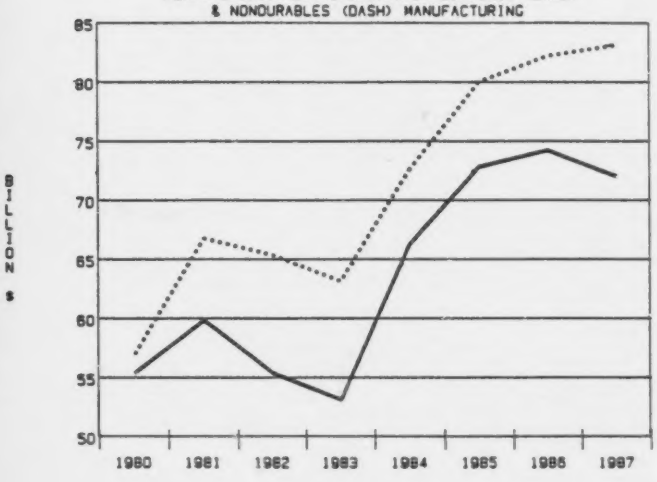
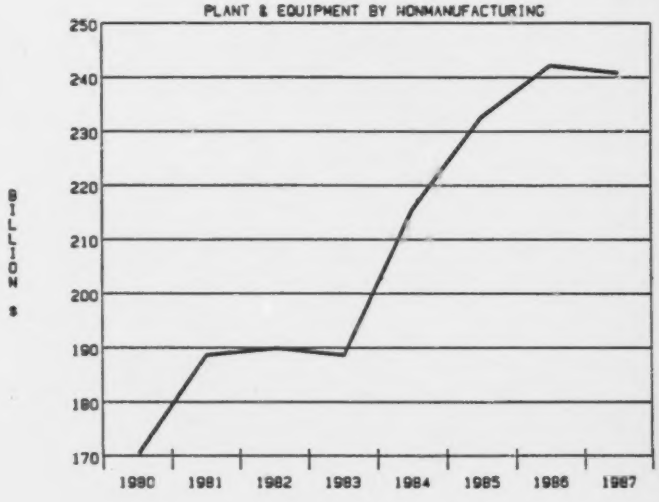


CHART 10



Notes on the Survey

Results in this report are based on the responses of 500 firms to a survey taken in January and February. These firms account for 24.5% of capital spending in the country (Table IX). For capital spending (Table I), firms supplied dollar estimates of future plant and equipment expenditures. Estimates for each year were summed by industry, and percentage changes between years were calculated. Each industry's percentage change for 1985-86, derived from the sample firms, was then applied to the industry's total estimated capital spending in 1985 in order to derive the industry's total estimated capital spending in 1986. The 1986-87 percentage change was applied to the estimated 1986 total industry figure to derive the industry's total estimated 1987 capital spending. Firms with extreme percent changes in

spending (outliers) were removed from the sample on a year-by-year basis. Once each industry's total estimated capital spending was derived, the figures were summed to derive estimates for the various aggregate groupings--durables, nondurables, all manufacturing, all nonmanufacturing and all business.

All data presented in this report other than the capital spending figures are based on percentage--rather than dollar--answers supplied by the sample firms. Percentage responses were weighted by size of firm within an industry to derive industry figures. Figures for the aggregates were then derived by weighting each industry by size.

INDEX OF TABLES

TABLE		PAGE
I	Plans For Capital Spending	22
II	Inflation Expectations	23
III	Capital Spending on Computers and Office Equipment. . .	24
IV	Capital Spending on Manufacturing Equipment.	25
V	Capital Spending on Autos and Trucks	26
VI	Capital Spending on Factories.	27
VII	Capital Spending on Office Buildings	28
VIII	Detailed Industry Capital Spending	29
IX	Survey Sample Size	31
	Survey Questionnaires.	32-38

DEFINITIONS: The other durables category listed in the tables includes lumber, furniture, jewelry, toys, and transportation equipment other than autos and aerospace. Other nondurables includes apparel, tobacco, printing and publishing, and leather. The trade and services category includes retail and wholesale trade, banking, holding companies, insurance companies, hotels, laundries, and personal and business services. The communications and other category includes construction firms and transportation services other than airlines and railroads.

NOTE: The sum of capital spending for different types of equipment and construction in Tables III-VII do not add to total capital spending in Table I because of spending allocated to "all other machinery and buildings," for which no table is published.

TABLE I

PLANS FOR CAPITAL SPENDING
(Billions of Dollars)

INDUSTRY	1985 ESTIMATE	1986 PLANNED	1985-86 % CHANGE	1987 PLANNED	1986-87 % CHANGE
Iron & Steel	3.98	3.47	-12.7	3.57	2.8
Nonferrous Metals	1.89	2.16	14.3	2.24	3.9
Electrical Machinery	15.88	14.30	-10.0	16.02	12.0
Non-Electrical Machinery	15.87	16.34	3.0	13.95	-14.7
Autos,Trucks & Parts	13.76	14.90	8.3	12.92	-13.2
Aerospace	3.59	4.69	30.6	4.33	-7.7
Fabricated Metals	3.52	3.75	6.6	3.79	1.0
Instruments	3.72	4.07	9.3	4.04	-0.8
Stone,Clay & Glass	3.62	4.01	10.7	4.17	4.1
Other Durables	7.11	6.49	-8.7	7.00	7.8
TOTAL DURABLES	72.80	74.18	1.9	72.04	-2.9
Chemicals	16.67	16.98	1.9	17.50	3.0
Paper & Pulp	8.44	9.38	11.2	7.66	-18.4
Rubber & Plastic	3.71	3.93	5.9	3.63	-7.7
Petroleum	26.76	27.01	0.9	29.43	9.0
Food & Beverage	10.16	9.93	-2.3	10.85	9.3
Textiles	1.84	1.99	8.2	2.06	3.5
Other Nondurables	12.43	12.96	4.3	11.96	-7.7
TOTAL NONDURABLES	80.02	82.18	2.7	83.08	1.1
ALL MANUFACTURING	152.82	156.37	2.3	155.12	-0.8
Mining	16.03	14.48	-9.7	16.54	14.2
Railroads	7.41	7.11	-4.1	7.12	0.2
Airlines	4.56	5.34	17.0	5.59	4.7
Other Transportation	6.02	5.19	-13.8	5.93	14.3
Electric Utilities	36.09	34.17	-5.3	31.62	-7.5
Gas Utilities	12.11	13.42	10.8	14.30	6.6
Communications	32.49	33.53	3.2	33.45	-0.3
Trade & Services	117.84	128.89	9.4	126.14	-2.1
ALL NONMANUFACTURING	232.59	242.13	4.1	240.67	-0.6
ALL BUSINESS	385.37	398.49	3.4	395.79	-0.7

TABLE II

INFLATION EXPECTATIONS
(Percentage Change)

INDUSTRY	Expected % Change, 1985-86	
	Plant & Equipment Prices	Real Capital Spending
Iron & Steel	4.7	-16.6
Nonferrous Metals	5.8	8.0
Electrical Machinery	4.0	-13.5
Non-Electrical Machinery	3.4	-0.4
Autos,Trucks & Parts	3.1	5.1
Aerospace	4.0	25.6
Fabricated Metals	3.6	2.9
Instruments	4.2	4.9
Stone,Clay & Glass	4.4	6.0
Other Durables	3.8	-12.1
TOTAL DURABLES	3.8	-1.8
Chemicals	3.5	-1.6
Paper & Pulp	3.7	7.3
Rubber & Plastic	2.7	3.1
Petroleum	4.0	-3.0
Food & Beverage	4.2	-6.2
Textiles	3.5	4.5
Other Nondurables	4.9	-0.6
TOTAL NONDURABLES	4.0	-1.2
ALL MANUFACTURING	3.9	-1.5
Mining	3.2	-12.4
Railroads	3.3	-7.2
Airlines	7.0	9.4
Other Transportation	3.5	-16.7
Electric Utilities	5.4	-10.2
Gas Utilities	4.6	5.9
Communications	4.2	-0.9
Trade & Services	4.6	4.6
ALL NONMANUFACTURING	4.5	-0.4
ALL BUSINESS	4.3	-0.8

TABLE III

CAPITAL SPENDING ON COMPUTERS & OTHER
OFFICE EQUIPMENT

INDUSTRY	Million $		% of Industry's Total Capital Spending	
	1985	1986	1985	1986
Iron & Steel	133.6	141.4	3.4	4.1
Nonferrous Metals	41.4	109.0	2.2	5.0
Electrical Machinery	2,212.2	1,718.6	13.9	12.0
Non-Electrical Machinery	3,053.0	2,568.5	19.2	15.7
Autos,Trucks & Parts	1,107.1	1,169.9	8.0	7.9
Aerospace	1,496.0	2,029.0	41.7	43.3
Fabricated Metals	301.1	363.2	8.6	9.7
Instruments	2,002.1	2,380.6	53.8	58.5
Stone,Clay & Glass	183.8	264.7	5.1	6.6
Other Durables	787.9	896.1	11.1	13.8
TOTAL DURABLES	11,318.3	11,640.9	15.5	15.7
Chemicals	778.3	884.4	4.7	5.2
Paper & Pulp	299.0	277.3	3.5	3.0
Rubber & Plastic	258.0	285.4	7.0	7.3
Petroleum	2,497.7	2,536.8	9.3	9.4
Food & Beverage	309.8	392.1	3.0	3.9
Textiles	104.8	115.4	5.7	5.8
Other Nondurables	1,319.5	1,359.2	10.6	10.5
TOTAL NONDURABLES	5,567.1	5,850.7	7.0	7.1
ALL MANUFACTURING	16,885.4	17,491.6	11.0	11.2
Mining	785.4	298.4	4.9	2.1
Railroads	174.8	158.7	2.4	2.2
Airlines	282.7	865.9	6.2	16.2
Other Transportation	170.1	103.0	2.8	2.0
Electric Utilities	657.1	1,088.1	1.8	3.2
Gas Utilities	462.2	543.7	3.8	4.1
Communications	1,702.0	1,729.6	5.2	5.2
Trade & Services	23,665.2	23,884.9	20.1	18.5
ALL NONMANUFACTURING	27,899.4	28,672.4	12.0	11.8
ALL BUSINESS	44,784.8	46,164.0	11.6	11.6

TABLE IV

CAPITAL SPENDING ON MANUFACTURING
& OTHER EQUIPMENT*

INDUSTRY	Million $		% of Industry's Total Capital Spending	
	1985	1986	1985	1986
Iron & Steel	2,728.4	2,802.0	68.6	80.7
Nonferrous Metals	1,317.2	2,047.2	69.7	94.8
Electrical Machinery	7,072.1	6,468.4	44.5	45.2
Non-Electrical Machinery	8,551.1	10,320.5	53.9	63.1
Autos,Trucks & Parts	11,467.3	12,168.6	83.3	81.7
Aerospace	776.6	1,164.9	21.6	24.8
Fabricated Metals	1,780.6	2,314.7	50.6	61.7
Instruments	1,060.2	935.8	28.5	23.0
Stone,Clay & Glass	2,698.8	3,075.6	74.6	76.7
Other Durables	3,834.6	3,785.2	53.9	58.3
TOTAL DURABLES	41,286.9	45,082.8	56.7	60.8
Chemicals	10,236.2	11,222.6	61.4	66.1
Paper & Pulp	5,418.7	6,632.7	64.2	70.7
Rubber & Plastic	2,843.8	2,735.4	76.7	69.6
Petroleum	5,845.7	7,571.6	21.8	28.0
Food & Beverage	6,565.2	6,759.5	64.6	68.1
Textiles	1,348.3	1,501.5	73.3	75.4
Other Nondurables	6,253.6	7,262.4	50.3	56.0
TOTAL NONDURABLES	38,511.5	43,685.8	48.1	53.2
ALL MANUFACTURING	79,798.4	88,768.6	52.2	56.8
Mining	9,314.9	10,088.1	58.1	69.7
Railroads	707.0	688.9	9.5	9.7
Airlines	183.4	485.2	4.0	9.1
Other Transportation	10.9	29.5	0.2	0.6
Electric Utilities	17,157.7	19,379.7	47.5	56.7
Gas Utilities	6,380.2	6,416.9	52.7	47.8
Communications	5,536.2	5,529.9	17.0	16.5
Trade & Services	19,606.2	22,591.3	16.6	17.5
ALL NONMANUFACTURING	58,896.4	65,209.4	25.3	26.9
ALL BUSINESS	138,694.8	153,978.0	36.0	38.6

*Data are derived from the second part of question 3 on the questionnaires reprinted at end of this report. Manufacturers were asked share of capital spending for equipment used in manufacturing, processing, and assembling. Equipment definitions for nonmanufacturing industries were as follows: mining--mining and drilling equipment; railroads--tools and equipment; airlines--tools and equipment; utilities--generation, distribution, and transmission equipment; communications--installation, service, and broadcast tools and equipment; trade and services--fixtures and other non-computer equipment.

TABLE V

CAPITAL SPENDING ON AUTOS & TRUCKS

INDUSTRY	Million $		% of Industry's Total Capital Spending	
	1985	1986	1985	1986
Iron & Steel	51.9	42.7	1.3	1.2
Nonferrous Metals	0.1	0.9	0.0	0.0
Electrical Machinery	326.0	347.1	2.1	2.4
Non-Electrical Machinery	544.0	606.4	3.4	3.7
Autos,Trucks & Parts	7.1	7.8	0.1	0.1
Aerospace	46.0	37.7	1.3	0.8
Fabricated Metals	251.2	94.7	7.1	2.5
Instruments	66.9	80.8	1.8	2.0
Stone,Clay & Glass	68.7	173.7	1.9	4.3
Other Durables	324.5	277.2	4.6	4.3
TOTAL DURABLES	1,686.5	1,668.9	2.3	2.2
Chemicals	320.3	296.6	1.9	1.7
Paper & Pulp	148.5	139.4	1.8	1.5
Rubber & Plastic	234.2	166.3	6.3	4.2
Petroleum	211.5	313.9	0.8	1.2
Food & Beverage	805.0	520.9	7.9	5.2
Textiles	80.5	51.1	4.4	2.6
Other Nondurables	425.6	361.4	3.4	2.8
TOTAL NONDURABLES	2,225.6	1,849.7	2.8	2.3
ALL MANUFACTURING	3,912.1	3,518.6	2.6	2.3
Mining	479.3	438.5	3.0	3.0
Railroads*	1,151.0	687.0	15.5	9.7
Airlines**	3,238.2	2,388.5	71.0	44.8
Other Transportation	3,227.0	3,168.1	53.6	61.1
Electric Utilities	229.9	262.6	0.6	0.8
Gas Utilities	661.5	577.9	5.5	4.3
Communications	828.8	872.6	2.6	2.6
Trade & Services	9,545.9	9,878.9	8.1	7.7
ALL NONMANUFACTURING	19,361.7	18,274.1	8.3	7.5
ALL BUSINESS	23,273.8	21,792.7	6.0	5.5

*Data are for locomotives.
**Data are for aircraft.

TABLE VI

CAPITAL SPENDING ON FACTORIES &
OTHER STRUCTURES*

	Million $		% of Industry's Total Capital Spending	
INDUSTRY	1985	1986	1985	1986
Iron & Steel	462.1	112.8	11.6	3.2
Nonferrous Metals	177.0	2.4	9.4	0.1
Electrical Machinery	1,926.8	1,396.7	12.1	9.8
Non-Electrical Machinery	1,517.0	1,299.4	9.6	7.9
Autos,Trucks & Parts	977.6	1,209.5	7.1	8.1
Aerospace	449.2	579.9	12.5	12.4
Fabricated Metals	175.2	287.8	5.0	7.7
Instruments	280.3	357.3	7.5	8.8
Stone,Clay & Glass	364.9	231.8	10.1	5.8
Other Durables	1,140.4	761.9	16.0	11.7
TOTAL DURABLES	7,470.5	6,239.4	10.3	8.4
Chemicals	2,493.9	2,072.7	15.0	12.2
Paper & Pulp	2,121.8	1,598.4	25.1	17.0
Rubber & Plastic	237.5	584.2	6.4	14.9
Petroleum	3,555.1	961.8	13.3	3.6
Food & Beverage	847.6	1,226.4	8.3	12.4
Textiles	127.7	109.1	6.9	5.5
Other Nondurables	1,124.7	1,930.8	9.0	14.9
TOTAL NONDURABLES	10,508.3	8,483.6	13.1	10.3
ALL MANUFACTURING	17,978.8	14,723.0	11.8	9.4
Mining	2,593.4	1,140.8	16.2	7.9
Railroads	3,938.7	3,898.8	53.2	54.9
Airlines	185.5	539.1	4.1	10.1
Other Transportation	0.1	10.5	0.0	0.2
Electric Utilities	15,410.0	9,693.2	42.7	28.4
Gas Utilities	1,330.0	1,207.2	11.0	9.0
Communications	21,243.9	22,203.6	65.4	66.2
Trade & Services	4,248.2	6,306.7	3.6	4.9
ALL NONMANUFACTURING	48,949.8	44,999.9	21.0	18.6
ALL BUSINESS	66,928.6	59,722.9	17.4	15.0

*Data are derived from the fourth part of question 3 on the questionnaires reprinted at end of this report. Manufacturers were asked share of capital spending for factory construction. Construction definitions for nonmanufacturing industries were as follows: mining--site development; railroads--track and roadway construction and maintenance; airlines--hangar and terminal construction; utilities--plant construction; communications--switching, trunking, and telecommunications plant; trade and services--outlets, warehouse, and other non-office construction.

TABLE VII

CAPITAL SPENDING ON OFFICE BUILDINGS

INDUSTRY	Million $		% of Industry's Total Capital Spending	
	1985	1986	1985	1986
Iron & Steel	2.5	3.0	0.1	0.1
Nonferrous Metals	0.0	0.0	0.0	0.0
Electrical Machinery	680.7	959.0	4.3	6.7
Non-Electrical Machinery	473.3	341.0	3.0	2.1
Autos,Trucks & Parts	174.2	275.4	1.3	1.8
Aerospace	519.2	553.8	14.5	11.8
Fabricated Metals	407.2	195.4	11.6	5.2
Instruments	56.4	156.3	1.5	3.8
Stone,Clay & Glass	53.5	32.9	1.5	0.8
Other Durables	519.2	439.2	7.3	6.8
TOTAL DURABLES	2,886.2	2,956.0	4.0	4.0
Chemicals	635.0	524.0	3.8	3.1
Paper & Pulp	117.2	102.0	1.4	1.1
Rubber & Plastic	93.2	95.3	2.5	2.4
Petroleum	276.0	221.6	1.0	0.8
Food & Beverage	110.3	142.1	1.1	1.4
Textiles	4.6	12.9	0.2	0.6
Other Nondurables	1,073.7	433.6	8.6	3.3
TOTAL NONDURABLES	2,309.9	1,531.6	2.9	1.9
ALL MANUFACTURING	5,196.0	4,487.6	3.4	2.9
Mining	409.5	272.1	2.6	1.9
Railroads	83.1	74.5	1.1	1.0
Airlines	114.9	157.1	2.5	2.9
Other Transportation	80.2	108.5	1.3	2.1
Electric Utilities	611.7	751.9	1.7	2.2
Gas Utilities	77.1	124.2	0.6	0.9
Communications	1,557.0	1,503.0	4.8	4.5
Trade & Services	20,215.5	22,206.7	17.2	17.2
ALL NONMANUFACTURING	23,148.9	25,197.9	10.0	10.4
ALL BUSINESS	28,344.9	29,685.5	7.4	7.4

TABLE VIII
DETAILED INDUSTRY TREND DATA
FROM CHECKUP SURVEY

Industry	Capital Spending Plans-% Change	
	1985-86	1986-87
Oil & Gas Extraction	-48.4	7.0
Meat Products	4.2	9.0
Dairy Products	-22.1	25.7
Preserved Fruits and Vegetables	-21.7	-8.2
Grain Mill Products	15.1	18.3
Beverages	13.6	-44.2
Weaving Mills, Cotton	9.3	8.7
Knitting Mills	-10.4	-13.0
Carpets	42.4	1.4
Industrial Chemicals	30.2	-3.7
Paints	20.0	11.1
Soap, Cleaners, & Toilet Goods	16.5	13.6
Misc. Chemicals	-18.5	7.2
Leather	18.3	-13.1
Products of Purchased Glass	4.4	-0.9
Cement, Hydraulic	81.9	-6.1
Structural Clay Products	92.3	-34.8
Concrete, Gypsum, Plaster	-6.1	-4.5
Cutlery, Hand Tools, Hardware	27.8	8.5
Plumbing and Heating Eq.	-50.0	-20.0
Fabricated Structural Metal	4.9	-2.2
Misc. Fabricated Metals	21.5	15.3
Farm Equipment	0.7	-16.5
Construction, Mining, Materials Handling Eq.	35.4	-18.1
Metalworking Machinery	0.8	-2.6
Special Industry Machinery	83.3	27.3
General Industrial Machinery	5.7	-4.0
Office, Computing Machinery	3.8	-24.7
Refrigeration and Service Industry Machinery	5.6	-13.2
Electric Distributing Equipment	-15.2	10.2
Household Appliances	14.0	0.3
Communication Equipment	2.4	16.0
Electronic Components	-22.1	23.8
Misc. Electrical	-21.1	22.5

DETAILED INDUSTRY TREND DATA
FROM CHECKUP SURVEY (Continued)

Other Transportation Eq.	-50.0	0.0
Engineering & Scientific Instruments	21.1	-21.2
Miscellaneous Manufacturing	-10.5	22.7
Trucking and Warehousing	-13.8	15.7
Retail and Whole. Trade	11.6	3.8
Hardware, Plumbing Eq.--Whole	19.9	18.9
Department Stores	11.8	-5.0
Food Stores	5.0	21.0
Finance	5.7	-14.1
Banking	2.3	-9.8
Insurance Carriers	12.8	-22.2
Personal & Business Services	2.4	-3.2
Hotels and Motels	16.3	5.1
Business Services	-14.7	1.5
Computer and Data Processing Services	-15.5	1.0
Miscellaneous Business Services	-1.5	1.8
Educational Services	25.0	-13.3
Accounting, Engineering, Misc. Business Services	-4.9	-17.4
Health Services	15.6	-14.6

TABLE IX

SURVEY SAMPLE SIZE

INDUSTRY	Percentage of Capital Spending Covered by Survey
Iron & Steel	13.7
Nonferrous Metals	30.5
Electrical Machinery	29.0
Non-Electrical Machinery	34.4
Autos,Trucks & Parts	87.7
Aerospace	63.4
Fabricated Metals	12.2
Instruments	54.8
Stone,Clay & Glass	24.4
Other Durables	1.2
TOTAL DURABLES	39.7
Chemicals	35.8
Paper & Pulp	15.1
Rubber & Plastic	10.8
Petroleum	69.8
Food & Beverage	24.6
Textiles	9.8
Other Nondurables	3.2
TOTAL NONDURABLES	36.7
ALL MANUFACTURING	38.2
Mining	2.9
Railroads	31.6
Airlines	7.3
Other Transportation	37.6
Electric Utilities	41.9
Gas Utilities	18.4
Communications	31.2
Trade & Services	2.7
ALL NONMANUFACTURING	15.5
ALL BUSINESS	24.5

CONFIDENTIAL

A_____
AIRLINES

McGRAW-HILL ECONOMICS
1221 Avenue of Americas
New York, NY 10020

CAPITAL SPENDING CHECK-UP SURVEY

Please fill in all blanks. If your answer is zero, please write in "0." If your answer is "not applicable" or "not available," please write in "NA". All questions refer to U.S. only.

1. How much did your company spend on plant and equipment in the United States in 1985, and how much does it plan to spend (inflation included) in 1986 and 1987? (Please include all purchases charged to capital accounts, whether for replacement, expansion, or other purposes. Include value of plant and equipment leased to others. Do not include acquisitions or value of plant leased from others. If your company has recently merged with another, please report spending on a comparable basis for all years.) If your answers omit 000 or 000,000 please indicate here: _____.

1985	1986	1987
$	$	$

2. By what percent, on average, do you think the prices you pay for plants and equipment will increase (decrease) between 1985 and 1986? _____%

3. Of total capital spending, what percent was and will be for:

	1985	1986
Computers and Other Office Equipment	_____%	_____%
Tools and Equipment	_____%	_____%
Aircraft	_____%	_____%
Hangar and Terminal Construction	_____%	_____%
Office Construction	_____%	_____%
All Other Machinery & Construction	_____%	_____%
	100%	100%

NAME_____ TITLE_____

COMPANY_____

ADDRESS_____

ALL YOUR ANSWERS WILL BE HELD STRICTLY CONFIDENTIAL

(Please return by February 6, 1986)

CONFIDENTIAL

C_____
COMMUNICATIONS

McGRAW-HILL ECONOMICS
1221 Avenue of Americas
New York, NY 10020

CAPITAL SPENDING CHECK-UP SURVEY

Please fill in all blanks. If your answer is zero, please write in "0." If your answer is "not applicable" or "not available," please write in "NA". All questions refer to U.S. only.

1. How much did your company spend on plant and equipment in the United States in 1985, and how much does it plan to spend (inflation included) in 1986 and 1987? (Please include all purchases charged to capital accounts, whether for replacement, expansion, or other purposes. Include value of plant and equipment leased to others. Do not include acquisitions or value of plant leased from others. If your company has recently merged with another, please report spending on a comparable basis for all years.) If your answers omit 000 or 000,000 please indicate here: _____.

1985	1986	1987
$	$	$

2. By what percent, on average, do you think the prices you pay for plants and equipment will increase (decrease) between 1985 and 1986? _____%

3. Of total capital spending, what percent was and will be for:

	1985	1986
Computers and Other Office Equipment	_____%	_____%
Installation, Service and Broadcast Tools and Equipment	_____%	_____%
Autos & Trucks	_____%	_____%
Switching, Trunking, and Telecommunications Plant	_____%	_____%
Office Construction	_____%	_____%
All Other Equipment and Facilities	_____%	_____%
	100%	100%

NAME_____ TITLE_____

COMPANY_____

ADDRESS_____

ALL YOUR ANSWERS WILL BE HELD STRICTLY CONFIDENTIAL

(Please return by February 6, 1986)

CONFIDENTIAL

EG _____

ELECTRIC & GAS UTILITIES

McGRAW-HILL ECONOMICS
1221 Avenue of Americas
New York, NY 10020

CAPITAL SPENDING CHECK-UP SURVEY

Please fill in all blanks. If your answer is zero, please write in "0." If your answer is "not applicable" or "not available," please write in "NA". All questions refer to U.S. only.

1. How much did your company spend on plant and equipment in the United States in 1985, and how much does it plan to spend (inflation included) in 1986 and 1987? (Please include all purchases charged to capital accounts, whether for replacement, expansion, or other purposes. Include value of plant and equipment leased to others. Do not include acquisitions or value of plant leased from others. If your company has recently merged with another, please report spending on a comparable basis for all years.) If your answers omit 000 or 000,000 please indicate here: _____.

1985	1986	1987
$	$	$

2. By what percent, on average, do you think the prices you pay for plants and equipment will increase (decrease) between 1985 and 1986? _____%

3. Of total capital spending, what percent was and will be for:

	1985	1986
Computers and Other Office Equipment	_____%	_____%
Generation, Distribution & Transmission Equipment	_____%	_____%
Autos & Trucks	_____%	_____%
Plant Construction	_____%	_____%
Office Construction	_____%	_____%
All Other Electric & Gas Utility Property and Equipment	_____%	_____%
	100%	100%

NAME _____ TITLE _____

COMPANY _____

ADDRESS _____

ALL YOUR ANSWERS WILL BE HELD STRICTLY CONFIDENTIAL

(Please return by February 6, 1986)

CONFIDENTIAL G_____

GENERAL

McGRAW-HILL ECONOMICS
1221 Avenue of Americas
New York, NY 10020

CAPITAL SPENDING CHECK-UP SURVEY

Please fill in all blanks. If your answer is zero, please write in "0." If your answer is "not applicable" or "not available," please write in "NA". All questions refer to U.S. only.

1. How much did your company spend on plant and equipment in the United States in 1985, and how much does it plan to spend (inflation included) in 1986 and 1987? (Please include all purchases charged to capital accounts, whether for replacement, expansion, or other purposes. Include value of plant and equipment leased to others. Do not include acquisitions or value of plant leased from others. If your company has recently merged with another, please report spending on a comparable basis for all years.) If your answers omit 000 or 000,000 please indicate here: _____.

1985	1986	1987
$	$	$

2. By what percent, on average, do you think the prices you pay for plants and equipment will increase (decrease) between 1985 and 1986? _____%

3. Of total capital spending, what percent was and will be for:

	1985	1986
Computers and Other Office Equipment	_____%	_____%
Machinery used in Manufacturing, Processing, Assembling	_____%	_____%
Autos & Trucks	_____%	_____%
Factory Construction	_____%	_____%
Office Construction	_____%	_____%
All Other Machinery & Buildings	_____%	_____%
	100%	100%

NAME_____ TITLE_____

COMPANY_____

ADDRESS_____

ALL YOUR ANSWERS WILL BE HELD STRICTLY CONFIDENTIAL

(Please return by February 6, 1986)

CONFIDENTIAL

M_____
MINING

McGRAW-HILL ECONOMICS
1221 Avenue of Americas
New York, NY 10020

CAPITAL SPENDING CHECK-UP SURVEY

Please fill in all blanks. If your answer is zero, please write in "0." If your answer is "not applicable" or "not available," please write in "NA". All questions refer to U.S. only.

1. How much did your company spend on plant and equipment in the United States in 1985, and how much does it plan to spend (inflation included) in 1986 and 1987? (Please include all purchases charged to capital accounts, whether for replacement, expansion, or other purposes. Include value of plant and equipment leased to others. Do not include acquisitions or value of plant leased from others. If your company has recently merged with another, please report spending on a comparable basis for all years.) If your answers omit 000 or 000,000 please indicate here: _____.

1985	1986	1987
$	$	$

2. By what percent, on average, do you think the prices you pay for plants and equipment will increase (decrease) between 1985 and 1986? _____%

3. Of total capital spending, what percent was and will be for:

	1985	1986
Computers and Other Office Equipment	_____%	_____%
Mining and Drilling Machinery	_____%	_____%
Autos & Trucks	_____%	_____%
Site Development	_____%	_____%
Office Construction	_____%	_____%
All Other Machinery & Construction	_____%	_____%
	100%	100%

NAME_____ TITLE_____

COMPANY_____

ADDRESS_____

ALL YOUR ANSWERS WILL BE HELD STRICTLY CONFIDENTIAL

(Please return by February 6, 1986)

CONFIDENTIAL

R_____
RAILROAD

McGRAW-HILL ECONOMICS
1221 Avenue of Americas
New York, NY 10020

CAPITAL SPENDING CHECK-UP SURVEY

Please fill in all blanks. If your answer is zero, please write in "0." If your answer is "not applicable" or "not available," please write in "NA". All questions refer to U.S. only.

1. How much did your company spend on plant and equipment in the United States in 1985, and how much does it plan to spend (inflation included) in 1986 and 1987? (Please include all purchases charged to capital accounts, whether for replacement, expansion, or other purposes. Include value of plant and equipment leased to others. Do not include acquisitions or value of plant leased from others. If your company has recently merged with another, please report spending on a comparable basis for all years.) If your answers omit 000 or 000,000 please indicate here: _____.

1985	1986	1987
$	$	$

2. By what percent, on average, do you think the prices you pay for plants and equipment will increase (decrease) between 1985 and 1986? _____%

3. Of total capital spending, what percent was and will be for:

	1985	1986
Computers and Other Office Equipment	_____%	_____%
Tools and Equipment	_____%	_____%
Locomotives	_____%	_____%
Track and Roadway Construction and Maintenance	_____%	_____%
Office Construction	_____%	_____%
All Other Machinery & Construction	_____%	_____%
	100%	100%

NAME_____ TITLE_____

COMPANY_____

ADDRESS_____

ALL YOUR ANSWERS WILL BE HELD STRICTLY CONFIDENTIAL

(Please return by February 6, 1986)

CONFIDENTIAL

T_____

TRADE & SERVICES

McGRAW-HILL ECONOMICS
1221 Avenue of Americas
New York, NY 10020

CAPITAL SPENDING CHECK-UP SURVEY

Please fill in all blanks. If your answer is zero, please write in "0." If your answer is "not applicable" or "not available," please write in "NA". All questions refer to U.S. only.

1. How much did your company spend on plant and equipment in the United States in 1985, and how much does it plan to spend (inflation included) in 1986 and 1987? (Please include all purchases charged to capital accounts, whether for replacement, expansion, or other purposes. Include value of plant and equipment leased to others. Do not include acquisitions or value of plant leased from others. If your company has recently merged with another, please report spending on a comparable basis for all years.) If your answers omit 000 or 000,000 please indicate here: _____.

1985	1986	1987
$	$	$

2. By what percent, on average, do you think the prices you pay for plants and equipment will increase (decrease) between 1985 and 1986? _____%

3. Of total capital spending, what percent was and will be for:

	1985	1986
Computers and Other Office Equipment	_____%	_____%
Fixtures and Other Non-Computer Equipment	_____%	_____%
Autos & Trucks	_____%	_____%
Outlet, Warehouse, and Other Non-Office Construction	_____%	_____%
Office Construction	_____%	_____%
All Other Equipment and Facilities	_____%	_____%
	100%	100%

NAME_____ TITLE_____

COMPANY_____

ADDRESS_____

ALL YOUR ANSWERS WILL BE HELD STRICTLY CONFIDENTIAL

(Please return by February 6, 1986)